



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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DATE: February 17, 2009

TO: Michigan Economic Growth Authority

FROM: Amy Deprez, Packaging Team Manager
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Joshua Hundt, Project Specialist
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SUBJECT: Briefing Memo – McLaren Performance Technologies
High Technology/High-Wage MEGA Credit

COMPANY NAME:

McLaren Performance Technologies
32233 W. Eight Mile Road
Livonia, Michigan 48152

HISTORY OF COMPANY:

McLaren Performance Technologies' parent company, Linamar Corporation, is headquartered in Guelph, Ontario. Linamar Corporation is the largest machiner of automotive components in North America with a special focus on powertrain components.

McLaren Performance Technologies, located in Livonia, is an engineering firm well known for its analysis and test capabilities. The company has traditionally focused on the racing and high performance markets. Since Linamar's acquisition in 2003, the operation maintains those same skills and has been refocused as a cost center to support Linamar's internal needs, engineering, development, and testing.

The company currently has 87 full-time employees in Michigan.

PROJECT DESCRIPTION:

The proposed project will be an expansion at McLaren Performance Technologies in the City of Livonia in Wayne County. The expansion is required to support their new power transfer unit business for present and future fuel economy and efficiency improvements.

The proposed project will create 34 jobs over the next five years with an average weekly wage of \$1,495. The company also will offer healthcare benefits and pay a portion of the benefit costs. The total capital investment related to this proposed project will be \$8.9 million.

BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 74 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs, would be increased by \$3 million (current dollars) due to the presence of this facility.

BUSINESS CASE:

McLaren Performance Technologies is also considering Guelph, Ontario for this project where their parent company is located. The company has received incentive offers from the Canadian government. The company also indicated that wages would be lower in Ontario than in Livonia.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Livonia supports this project and has approved a property tax abatement under PA 198 of 1974. The estimated value of this incentive is not known at this time.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-wage business, as defined in the Act.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years for up to 34 net new employees in excess of the company's established employment base of 109.